

**§ 550.10 Special Award Conditions.**

(a) REE Agencies may impose special conditions and/or additional requirements to a non-assistance agreement if a Cooperator:

- (1) Has a history of poor performance,
- (2) Is not financially stable,
- (3) Has a management system that does not meet the standards prescribed in this Part,
- (4) Has not conformed to the terms and conditions of a previous award, or
- (5) Is not otherwise responsible.

(b) Special conditions and/or additional requirements may be added to an award provided that the Cooperator is notified in writing as to: the nature of the additional requirements, the reason why the additional requirements are being imposed, the nature of the corrective action needed, the time allowed for completing the corrective actions, and the method for requesting reconsideration of the additional requirements imposed. Any special conditions shall be promptly removed once the conditions that prompted them have been corrected.

**Subpart B—Formation of Agreements**

**§ 550.11 Purpose.**

Sections 550.12 through 550.18 prescribe instructions and other pre-award matters to be used in establishing a non-assistance cooperative agreement.

**§ 550.12 Statutory authorization required (REE Agency).**

REE Agencies must have programmatic statutory authority for the proposed project prior to entering into any non-assistance cooperative agreement.

**§ 550.13 Mutuality of interest.**

The REE Agency shall document both parties interest in the project. Mutual interest exists when both parties benefit in the same qualitative way from the objectives of the agreement. If one party to the agreement would independently have an interest in the project, which is shared by the other party, and both parties pool resources to obtain the end result of the project, mutual interest exists.

**§ 550.14 Indirect cost/tuition remission.**

(a) *Indirect cost*—(1) *State Cooperative Institutions*. Payment of indirect costs to State Cooperative Institutions in connection with non-assistance cooperative agreements awarded under the authority of 7 U.S.C. 3318(b) is prohibited. This prohibition does not apply to funds for international agricultural programs conducted by a State cooperative institution and administered by the Secretary or to funds provided by a Federal agency for such cooperative program or project through a fund transfer, advance or reimbursement. (7 U.S.C. 3319.)

(2) *Non-profit organizations*. Payment of indirect costs to non-profit institutions in connection with USDA cooperative agreement, under the authority of 7 U.S.C. 3318(b), is limited to 10 percent of the total direct cost of the project. (Annual Appropriations Bill for Agriculture and Related agencies, General Provisions.)

(3) *All other cooperating organizations*. With the exception of paragraphs (a)(1) and (2) of this section, payment of indirect costs is allowable in connection with REE non-assistance cooperative agreements. Reimbursement of indirect costs is limited to the percentage(s) established in the Cooperator's negotiated indirect cost rate schedule.

(4) In any case, the REE Agency shall not reimburse indirect costs prior to receipt of the Cooperator's negotiated indirect cost rate schedule.

(b) *Tuition remission*—(1) *State Cooperative Institutions*. Reimbursement of tuition expenses to State Cooperative Institutions in connection with REE non-assistance cooperative agreements is prohibited. (7 U.S.C. 3319)

(2) *All other cooperating organizations*. Except for paragraph (b)(1) of this section, tuition remission is an allowable expense as determined in accordance with the cost principles applicable to the Cooperator. REE agencies shall negotiate and approve such payments as related to the scope and objectives of the non-assistance agreement.

**§ 550.15 Resource contribution.**

Each party must contribute resources towards the successful completion of the project. Required resource